1991

Leadership-Making Applies Equally Well to Sponsors, Competence Networks, and Teammates

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Published in *Journal of Management Systems* 3 (1991), pp. 375-80.

Leadership-Making Applies Equally Well to Sponsors, Competence Networks, and Teammates

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Teams are rapidly becoming the management technique of choice in American industry *(Fortune,* 1990). Spurred on by the pervasive and often dramatic success of Japanese management in America at places like NUMMI in Freemont, California, Honda, in Marysville, Ohio, NISSAN in Smyrna, Tennessee, MAZAK, in Florence, Kentucky, DENSO in Battle Creek, Michigan, and J.V.C. in Tuscaloosa, Alabama, team organizations are being implemented in large (General Electric and General Motors) and small American companies. Our study of Japanese transplants in the U.S. (Graen & Wakabayashi, 1990) suggests that several hybrid versions of Japanese team organizations work most effectively with American employees.

Our thinking about effective organization of human talent has clearly been influenced by the findings of over twenty years of research on both Japanese and American management systems. Moreover, our current paper is strongly influenced by our understanding of the driving processes of Japanese team organizations both in Japan and America. It is probable, therefore, that our colleagues who have not been immersed in the examination of Japanese team organizations in both Japan and America may not understand where our theorizing is originating. Let us make it clear where we are coming from in our paper by outlining the basic postulates of the hybrid model of the Japanese American transplant.

Seven Postulates

Seven basic postulates underlie this model. They are as follows.

1. Tenured Employment
2. On-the-Job Education
3. Cooperation and Harmony
4. Shallow Hierarchies and Overlapping Self-Managing Teams
5. Internalization of the Enterprise
6. Leadership Networks
7. Long-term Position in Markets

These seven postulates are integrated into a lean, mean, and adaptable organization employing the leadership-making process which we outline in our paper. Thus, the organization is designed to maintain employment relationships throughout participants' careers, continue on-the-job education from entry to

retirement, foster cooperation and harmony among all participants, ensure adequate communication and coordination through shallow hierarchies and overlapping self-managing teams, produce internalization of the enterprise in every participant, develop complex leadership networks throughout the organization, and commit all participants to the goals of long-term leadership positions in markets. Moreover, the principles of self-management applied within this system are much more than just another form of participatory management or empowerment. Rather, self-management is based on getting the job done right the first time. Teams are given the charge to operate as they see fit and are held accountable for their results. Hence, self-managers within this system are not simply participating in decisions, they are actually making them work through their overlapping team structure.

Space does not permit more than a brief outline of the seven postulates in this paper. However, our main paper focused on the leadership-making process, the process which seems to integrate these postulates in a smoothly operating system of self-managing and partially self-designing teams. The real power of this process comes from its capability to transform a set of separate individuals into teams (as we defined in our previous paper).

Through leadership-making, individuals transform their self-interests into interests which can be best fulfilled by team achievement. As we noted in our paper, however, relationships within teams are not merely collections of leadership relationships between members and leaders; they also include the entire set of leadership relationships between team members. In addition to teammate relationships, the concept of team in our extended model also includes leadership relationships between team members and their coworkers outside of their nuclear teams. These include both those with some responsibility for team performance at a higher level (team sponsors) and those with no direct responsibility for team performance (competence networks). A person's competence network is composed of all others who have non-trivial leadership relationships with that person (Graen, 1990).

Let us draw the boundaries around our conception of the extended team by describing the three types of subassemblies within our concept.

Three Subassemblies

Leadership-making occurs at three different levels in effective self-managing teams: (1) between prospective teammates as part of team-making, (2) between prospective teammates and their competence networks as part of role-making, and (3) between prospective teammates and the team sponsor(s) as part of role-making.

Leadership-Making within Self-Managing Teams

At the first level of leadership-making, team-making (among prospective teammates as a group) is required to tap into members' personal innovative reserves and to gain access to their back-up systems and to sponsors. Ideally, self-managing teams go through a team-making process to develop cooperative and harmonious relationships among all of their teammates based on the mutual theory in practice that career progress is best enhanced through team achievement (Graen, 1989). Hence, no person should be rewarded for self-enhancement at the expense of the team, but all teammates should be rewarded through team success.

Self-managing individuals in the end must decide the extent to which they will contribute from their personal reserves and their access to back-up systems and to sponsors. These cannot be commanded by either organizational superiors or peers. Therefore, team-making processes ultimately need to be employed to create that which can be given and to influence what will be given.

In one study of team-making in a commercial bank (Graen, 1989), the team effectively convinced themselves that they need to tap into their collective competence networks or fail. Their traditional market segments were becoming unprofitable, but promising new segments were emerging. Although the teammates had not developed relationships with influence leaders in these new segments, people in their competence networks had. Thus, by calling in some of their chips and issuing IOUs, teammates were able to "leapfrog" their competition into emerging market segments. Following this team success, the team sponsors recorded the contributions of teammates in their personnel files.

The question of influencing teammates to tap into their professional networks for the good of the team is a critical one. When a team really needs to tap into a back-up system to avoid failing at its mission, teammates who have access to relevant others must decide. Sometimes the choice is between their own careers and the good of their team. In such cases, they must decide on whether greater career benefits would result from using the back-up system for team success or for self-aggrandizement. This is not a trivial question.

Leadership-Making with Competence Network(s)

The second level of leadership-making (between prospective teammates and their competence networks as part of role-making) is required to develop a second kind of innovative substitute for enabling performance conditions by establishing back-up systems for the self-managing team (Graen, 1989). These back-up systems tap into informal (a) intelligence, (b) influence, (c) resource, and (d) expertise reserves. Such back-up systems can be mediated by teammates through their leadership relationships with colleagues outside of the team. Furthermore, the probability of accessing such back-up systems depends on the maturity of the leadership relationships. Teammates with mature relationships are more likely to be given access to these systems than teammates with acquaintanceship relationships.

As a self-managing team progresses on its assigned mission, it often finds itself in need of these back-up systems. Moreover, these systems may supply needed elements which are unavailable through sponsors. For example, the team may need confidential information about what a sister team is really doing rather than what they report upstairs (intelligence). As another example, the team may need someone outside the team and the sponsors to put in a good word for them to get some favorable administrative ruling (influence). Or, the team may find a critical resource or vital expertise unavailable from other sources within the allotted time (resource or expertise). In such emergencies, back-up systems, composed of the leadership networks across the boundaries of the team may save the day. The ultimate test of a mature leadership relationship is whether or not it helps when it is really needed, These back-up networks often are far superior to sponsor networks in terms of crisis management.

One critical problem that faces self-managing teams is: by what process does the team (a) convince its members to develop these mature leadership relations across the boundaries of the team and (b) influence its members to cash in their valuable relationship chips for the benefit of team performance?

We find that many teammates understand the necessity to develop mature relationships and have developed the skills to a fine degree. In fact, their potential contribution to a self-managing team depends to a large extent on their professional network outside of the team. Team members without relevant networks must rely entirely on their own resources for their potential contribution. Often team leadership within a self-managing group is determined by outside networks beyond personal capabilities.

Team Sponsor Leadership-Making

The third level of leadership-making (between teammates and sponsors as part of role-making) is required to build innovative substitutes for what Hackman (1986) calls "enabling performance conditions." Enabling performance conditions fall into five categories: (1) clear and engaging direction, (2) an enabling unit structure (including tasks, people, expectations), (3) a supportive organizational context (rewards, education, information), (4) available expertise and coaching, and (5) adequate material resources (Hackman, 1986). Theoretically, when all five of these enabling performance conditions are met, effective team performance outcomes are over determined. Moreover, when one or more of these conditions are not met, team performance can suffer. When such deficits in enabling conditions occur, the self-managing team may look to innovative substitutes from outside the team or allow team performance to decline.

Such innovative substitutes can be mediated by team sponsors, people responsible at higher levels for team performance outcomes. The probability of acquiring needed innovative substitutes depends on the maturity of the leadership relations between the self-managing teammates and the outside sponsors. Teams with mature relationships with sponsors are more likely to be given the innovative substitutes than teams with acquaintanceship relationships.

In our experience with self-managing teams in organizations, seldom are all five of the enabling performance conditions met continually over the life of the team. Typically, we find that teams experience deficits in one or more of the five areas some time during the course of their projects. For example, they may begin with clear and engaging directions, but later find that their plan solves the wrong problem, or becomes increasingly ambiguous as they proceed. They may begin with an enabling unit structure and end with a structure which failed to evolve with the changing mission of the team. Even organizational context can turn from supportive to damaging over time as the mission of the team changes. Available and expert coaching may become both less available and less relevant as the team confronts different opportunities and threats over time. Finally, the adequacy and availability of relevant material resources can be a continuing source of ambiguity and conflict.

For self-managing teams of professionals, change in the five enabling conditions must be anticipated by contingency plans. Changes that cannot be anticipated in detail will occur and the team must somehow overcome the resulting threats to their performance. Turbulence in the five enabling conditions can result from a wide variety of unanticipated events, including the turnover of key people anywhere in the organization or within the team's environment, changes in executive thinking about many different issues, changes in the larger organization's environment concerning products and services, markets, government regulations, and the like.

Effective self-managing teams do not put all of their faith in the five enabling conditions. They understand that as the team proceeds with its mission, what was assumed to be adequacy in enabling conditions often turns out to be inadequacy. They know that we are not smart enough to prescribe realistically before the fact what will constitute adequacy at the conclusion of the mission (Graen, 1989). Therefore, they expend a good deal of their energy on building pipelines for needed innovative substitutes for enabling conditions. As they proceed with their mission and the inadequacies in enabling conditions appear, they draw upon the needed innovative substitutes as they become identified. In this way teams can deal with the turbulence in their environment. Instead of attempting to hold the team's environment constant through some artificial mechanism, the team's environment is allowed to change. To cope with this changing environment, the team makes arrangements to tap into unspecified assistance as it proceeds.

In exceptional cases, such as assembly manufacturing self-managing teams, the design of the organization is to reduce the major sources of turbulence before they disturb the shop-floor manufacturing team by developing buffer units. Some buffer units deal with vendors who supply material input to the team and attempt to homogenize it so that heterogeneity in materials will not disrupt the team. Other buffer units manage scheduling issues so that the team will be spared unanticipated requests or complex service problems. Still other buffer units handle human resources and administrative issues for the team. The idea is to artificially hold the environment of the manufacturing team as constant as possible so that it can continue to function as an insulated unit which receives anticipated inputs to process in its standard manner and the completed output is taken away. Unfortunately, the organizational cost of such artificial mechanisms becomes prohibitively expensive as the turbulence in the organization and its environment has risen. This is one of the main reasons that Japanese inspired team management has become so attractive in American industries.

In short, enabling performance conditions are seldom adequate throughout the life of a self-managing team of professionals. Almost always, the team reaches a point where it could profitably employ "innovative substitutes for enabling performance conditions" as mediated by their sponsors. At this point, it pays to have developed mature leadership relationships with sponsors.

In summary, self-managing by professionals in organizations is usually an inclusive; process of building networks with competent others both inside and outside of one's team. By engaging in role-making to build one's professional network of competent others who have a vested interest in one's career success, a person can become more of a self-managing professional and can contribute effectively as a team player on a self-managing team. Put simply, the career strategy of professionals who seek to become team players in self-managing teams should include proactive role-making with competent people who can save their career bacon at times when the cumulative personal resources of all the self-managing teammates prove inadequate. At such times, chips may be called in by teammates from sponsors or from outside members of competence networks of team members or from both.

Perspectives on Self-Management

As demonstrated in the present journal issue there is still significant controversy surrounding the concept of self-management. Although on the surface the articles in this journal may appear to provide contrasting perspectives on the issue of self-management, upon closer examination many congruencies between these perspectives arise.

For example, we presented a view of self-management from the perspective of the leadership-making process. In this view, self-management can only occur if the self-managers receive the support and encouragement necessary to engage in these processes from those with whom they interact. This support and encouragement is provided through the types of exchanges developed between the self-managers and significant others (i.e., leader, teammate, peers, team sponsor, competence network, etc.). Similarly, Novak presented a model which incorporates many of our ideas along with those of Hackman (1986), Cummings (1978), and Manz & Sims (1984; 1986) to provide a somewhat different but still compatible perspective on self-management. In this model, Novak uses the dyadic approach (Graen, Novak, & Sommerkamp, 1982; Graen, & Scandura, 1987) to *explain* two processes of self-management: self-manager development and the on-going role negotiation process faced by the self-manager. Cashman and Seers also base many of their propositions on exchange and role theory, and although they focus more on a systems perspective of the team, they provide several perspectives compatible with our approach. In particular, Cashman's and Seers' characterization of a team as "a network of directly interdependent roles … [involving] interlocked patterns of behavior observable in the relationships among members of the team" appears to be very much in line with our conception of a team. Finally, Manz' perspective, although not focusing on a dyadic approach, also recognizes the importance of trust, support, and individualized encouragement for the subsequent effectiveness of self-managing systems.

We are pleased by the congruencies and diversities in the perspectives presented in these papers, and believe they will help contribute to a greater overall understanding of self-management processes. Based on the sample of work presented here, we are optimistic about the future of research in this area and encourage others to use these perspectives to further develop *our* knowledge of this important issue. In particular, we encourage Novak to continue his interesting studies of nurses in self-managing roles, especially their network development activities. We clearly need to understand this process of role-making in greater detail. Similarly, we encourage Cashman and Seers to seek empirical referents for their open-systems model, as well as to continue with the much-needed focus on the development of teamwork as a management construct. Finally, we applaud Manz for his pioneering work in investigating self-managing models in organizational settings and the attention it has generated throughout industry in moving towards greater self-management and empowerment.

In conclusion, we are delighted that American industry is beginning to embrace the team organization and learn how to make its magic work in domestic organizations. We are convinced that this will be a productive area for both research and practice in the next decade and recommend this area of research to those colleagues who are interested.

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